

Establishing an industry cluster-based approach to economic development

Guidelines

BACKGROUND

Clusters are geographically concentrated groups of competing, collaborating, and interdependent businesses working in-like or linked industries. Well-developed clusters represent Washington's competitive advantages nationally and internationally. In Washington State there is a growing interest in focusing economic development efforts on particular established and emerging industry clusters because industry clusters attract and create an educated and skilled workforce, as well as providing public infrastructure.

The Department of Community, Trade and Economic Development (CTED) has been directed by the Washington State House of Representatives through HB 2498 to work with cluster-based organizations to identify regional and statewide industry clusters.

PURPOSE

It is the intent to establish cluster-based approach to economic development as a component of a statewide strategy to address economic growth and quality of life issues.

A competitive grant program has been established to assist communities in creating, through partnerships, regional economic development and industry cluster strategies and to implement cluster-informed market strategies.

ELIGIBLE APPLICANTS

Eligible organizations include, but are not limited to, local governments, economic development councils, chambers of commerce, federally recognized tribes, work force development councils, and higher education and training institutions.

CRITERIA

- Projects must utilize a cluster-based approach to economic development. The cluster must be a geographic concentration of firms in related industries. Priority will be given to those clusters that lend themselves towards family wage jobs. State identified clusters are: Value added agriculture, wood products, technology, aerospace, tourism, marine services, clean energy, life sciences, and construction. Other industry clusters will be considered.
- Projects should create and reinforce key regional partnerships among business, labor, workforce, and economic development organizations. The criteria related to partnerships is three-fold:
 - Proposals must be submitted jointly by organizations from at least two counties and demonstrate regional commitment, evidenced by letters of support indicating readiness to proceed with the project from regional economic and workforce

development organizations. Participating organizations should include: Economic Development Councils, Workforce Development Council, and Community or Technical College(s).

- Projects must demonstrate private sector partnerships, evidenced by letters of support, from regional businesses and labor representatives from the industries associated with the cluster. Higher priority will be given to applicants that demonstrate business and labor participation (financial, time, or in-kind) in project activities.
 - There must be a financial commitment equivalent to a 25% match, half of which may be an in-kind match.
- The proposal must include a complete scope of work that demonstrates quality and thoroughness. It must specify the timeline, activity, and cost. It must also clearly state the data to be used as evidence of this progress and performance.
 - Projects should create a linked strategy for economic and workforce development utilizing resources such as (but in no way limited to): Industry Skill Panels, Centers of Excellence and incumbent worker training activities.

ALLOWABLE ACTIVITIES

- Building interest and participation among different regional constituencies needed to carry out the initiatives.
- Defining the composition of clusters with NAICS and geographic locations and their related data sources (employment, taxable sales, etc).
- Assessing the industry clusters that comprise the regional economy and the regional economic infrastructure that supports cluster performance.
- Convening stakeholders in working groups to identify priority challenges and action initiatives to address shared problems and opportunities.
- The production of industry directories.
- Development of industry cluster strategies to expand the cluster's markets, substitute goods or services imported into the region for use by the cluster, increase exports of goods or services produced by the cluster, or expand value-added chains to the cluster.
- Building commitment of cluster working group participants and regional stakeholders to actions and identifying or creating an organization to sustain implementation.
- Other activities may also be permitted.

FINANCIAL ASSISTANCE

- A total of \$264,000 is available through this competitive cluster-based approach to economic development grant application for the fiscal year ending June 30, 2007.

- The maximum amount of grant dollars available is one hundred thousand dollars that can go to each regional application.
- A maximum of one hundred thousand dollars total can go to King, Pierce, Kitsap, and Snohomish counties combined.
- Administrative costs are limited to 10% of any appropriation to each regional applicant.
- Each grant application requires a 25% local match; half of this amount may be in-kind.
- Contract period from signed application to July 1, 2007.

OUTCOME TRACKING AND REPORTING

Tracking and analysis NAICS codes will be used to evaluate the grants. At the beginning of the grant period, baseline information on primary and supporting industry codes will be collected. Growth in employment for these industries, using information from Employment Security, and in the tax base, using information from the Department of Revenue, will be used to determine the success of the money awarded in fostering cluster development. Additionally, information on the percentage of the eligible to work but unemployed population and percentage of the population receiving welfare and other state benefits will be used to evaluate the success of this program.

APPLICATION PROCESS

- **Grant applications are due by October 9, 2006**
- Final decisions made by October 29, 2006
- Notification will be by mail with follow up phone call

Email to: ctedbpd@cted.wa.gov

Or Send to:

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